

No. 2021-7002

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date:** 09/30/2021

**Subject Considered:**

Celtic Insurance Company  
200 E. Randolph St., Ste. 3600  
Chicago, Illinois 60601-6512

Consent Order  
TDI Enforcement File Nos. 22684, 26073, & 27529

**General remarks and official action taken:**

This is a consent order with Celtic Insurance Company (Celtic) for failure to maintain an adequate provider network and violations found in a triennial exam and desk audit. Celtic has agreed to pay a \$475,000 administrative penalty.

**Waiver**

Celtic acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. Celtic waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

**Findings of Fact**

1. Celtic holds an authorization to act as a life, health, or accident company in Texas.
2. Celtic is affiliated with Centene Corporation and Celtic Group, Inc.
3. Celtic delegated utilization review duties to Centene Company of Texas, L.P. (Centene), Envolve Pharmacy Solutions, Inc., and Envolve Vision of Texas, Inc. as its utilization review agents (URA).

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4. Celtic delegated duties to resolve oral and written complaints to Superior HealthPlan, Inc. and Envolve Vision of Texas, Inc.

### **Prior Disciplinary History**

5. On March 26, 2015, the department issued a warning letter to Celtic regarding Celtic's failure to timely file its annual network adequacy report as required by statute. Celtic did not file the report until more than 10 months past the date it was due.
6. On April 24, 2017, the commissioner entered Official Order No. 2017-5042 against Celtic. The order imposed a \$30,000 penalty for several credentialing deficiencies found during the department's review of the annual network filings submitted by Celtic.

### **Network Adequacy**

7. In August 2019, the department received a complaint alleging Celtic had no contracted radiology providers in its Austin area provider network.
8. The Celtic member had requested prior authorization to obtain radiological services from an out-of-network provider, but Celtic rescinded that authorization and instructed the member to contact a major radiology practice in Austin for an appointment.
9. The Celtic member was delayed in obtaining the ordered medical services as the radiology practice repeatedly explained to the Celtic member that they did not have a contract with Celtic.
10. Only after being contacted by the department on this complaint did Celtic acknowledge that it did not have an adequate network of radiology services in the Austin area.
11. Celtic had an inadequate network for radiology providers in the Austin area which existed for several months in mid-2019. This network inadequacy created delays for several plan members' medical care.
12. Celtic did not update its 2019 annual network adequacy report to reflect an inadequate radiology network in the Austin area once it occurred.

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13. Celtic subsequently re-contracted with the radiology practice effective October 1, 2019, and Celtic's provider directories were updated with the new effective date. Celtic also executed single case agreements covering the entire period in which the provider was not contracted and further providing that no member would be subject to balance bills or any cost sharing beyond the in-network required amount.
14. At the direction of the department, Celtic contacted all members who had received radiology services on an out-of-network basis during the identified period and ensured all members were made whole by Celtic or the applicable provider as part of the remediation plan.

### **Desk Audit**

15. On January 23, 2020, the department conducted a desk audit of adverse determinations issued by Celtic for the period of January 1, 2019, through December 31, 2019.
16. Celtic and its associated URAs issued 49,720 authorizations during the audit timeframe.
17. Celtic and its associated URAs issued 35,739 adverse determinations during the audit timeframe.
18. In seven percent of the adverse determinations reviewed, Celtic issued approval authorizations outside of the statutory timeframe.
19. The department reviewed a random sample of 50 case files for the audit.
20. In 58 percent (29 of 50) of the case files reviewed, Celtic did not issue the notice of adverse determination within the statutory timeframe.
21. Of those untimely determinations, 17 percent (5 of 29), Celtic delayed offering the requesting provider a peer-to-peer discussion opportunity prior to the issuance of an adverse determination. Celtic determined the delay was related to an internal system issue, and the peer-to-peer discussion was ultimately offered.
22. On September 18, 2020, Celtic submitted a corrective action plan (CAP) related to the findings during the desk audit.

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### **Triennial Examination**

23. The department conducted a triennial quality of care examination of Celtic's exclusive provider organization health line of business for the period beginning January 1, 2017, through December 31, 2019.
24. On March 19, 2021, the department issued the final quality of care examination report.
25. During the exam, the department simultaneously conducted a utilization review audit of an entity under Celtic's parent group, Centene. The department sampled adverse determinations issued in 2019, which included initial and appeal adverse determinations.

### Utilization Review

26. The department reviewed 23 initial adverse determinations for statutory compliance.
27. In nine percent (2 of 23) of initial adverse determinations reviewed, Celtic's URA did not provide its telephone number, so the provider of record was unable to contact them to discuss the pending adverse determinations.
28. In four percent (1 of 23) of initial adverse determinations reviewed, Celtic's URA did not issue the adverse determination within 24 hours of receiving the request for enrollees hospitalized at the time of the request.
29. In four percent (1 of 23) of initial adverse determinations reviewed, Celtic's URA did not afford the provider of record a reasonable opportunity to discuss treatment no less than one working day prior to issuing prospective adverse determinations.
30. The department reviewed 23 adverse determination appeals for statutory compliance.
31. In 13 percent (3 of 23) of adverse determination appeals reviewed, Celtic's URA did not send an appeal acknowledgment letter within five working days after receipt of the appeal.

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32. In nine percent (2 of 23) of adverse determination appeals reviewed, the entity that issued the appeal, Celtic, was not a registered or certified URA.
33. In nine percent (2 of 23) of adverse determination appeals reviewed, Celtic's URA did not include a description or the source of the screening criteria used in making the adverse determination.
34. In four percent (1 of 23) of adverse determination appeals reviewed, Celtic's URA did not send the appeal resolution letter within 30 calendar days of receiving the appeal.

### Claims

35. The department reviewed 50 claims received and processed in 2019 for statutory compliance.
36. In four percent (2 of 50) of claims reviewed, Celtic paid the institutional preferred providers' clean claim between 46 and 90 days late and did not pay the applicable prompt payment penalty.
37. In four percent (2 of 50) of claims reviewed, Celtic notified the preferred provider the claim was not payable later than the 45th day after the date the company received the nonelectronic clean claim.

### Complaints

38. The department reviewed 50 complaints Celtic received and responded to in 2018 and 2019 for statutory compliance.
39. In 40 percent (4 of 10) of complaints reviewed that involved an inquiry from the department, Celtic responded to the inquiry in writing later than the 15th day after the date the inquiry was received.
40. Celtic's complaint log contained 1,290 inquiries from the department. In 44 percent (565 of 1,290) of inquiries that involved an inquiry from the department, Celtic responded to the department later than the 15th day after the date the inquiry was received.

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41. On May 19, 2021, Celtic submitted a CAP related to the findings during the triennial examination.

### Subsequent Events and Other Disclosures

42. Celtic represents that it has fully implemented its corrective action plans associated with the desk audit and the triennial exam as of the date of this order.

### **Conclusions of Law**

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE chs. 38, 82, 1301, 1451, 1456, 1458, and 4201; 28 TEX. ADMIN. CODE §§ 3.3704, 3.3705, 3.3707, 19.1704, 19.1709-19.1711, 19.1718, and 21.2815; and TEX. GOV'T CODE §§ 2001.051–2001.178.
2. The commissioner has authority to dispose of this matter informally as set forth in TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Celtic has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Celtic failed to provide choice and availability of contracted providers for medically necessary services in violation of 28 TEX. ADMIN. CODE § 3.3704.
5. Celtic failed to provide the department with a filing for a material change to its network status regarding radiology services in violation of 28 TEX. ADMIN. CODE § 3.3705(c).
6. Celtic failed to provide internet website disclosures for participating providers in violation of 28 TEX. ADMIN. CODE § 3.3705(e).

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7. Celtic failed to provide notice of a substantial decrease in the availability of facility-based providers in violation of 28 TEX. ADMIN. CODE § 3.3705(n).
8. Celtic failed to establish a local market access plan within 30 days of the date on which the network became inadequate and failed to apply for a waiver pursuant to 28 TEX. ADMIN. CODE § 3.3707(a) in violation of 28 TEX. ADMIN. CODE § 3.3707(i).
9. Celtic responded to inquiries from the department later than the 15th day after the date the inquiry was received in violation of TEX. INS. CODE § 38.001.
10. Celtic did not establish procedures to ensure that health care services were available to insureds in violation of TEX. INS. CODE §§ 1301.0051(a)(1) and 1301.0052.
11. Celtic failed to ensure availability of, and accessibility to, a full range of contracted physicians and health care providers to provide health care services to enrollees in violation of TEX. INS. CODE §§ 1301.0055(2) and 1301.006.
12. Celtic notified the preferred provider the claim was not payable later than the 45th day after the date Celtic received the nonelectronic clean claim in violation of TEX. INS. CODE § 1301.103(3).
13. Celtic did not issue the adverse determination within 24 hours of receiving the request for enrollees hospitalized at the time of the request in violation of TEX. INS. CODE § 1301.135(d) and 28 TEX. ADMIN. CODE § 19.1718(d)(2).
14. Celtic paid the institutional preferred providers' clean claim between 46 and 90 days late and did not pay the applicable prompt payment penalty in violation of TEX. INS. CODE §§ 1301.137(b) and 1301.137(l) and 28 TEX. ADMIN. CODE § 21.2815(a)(2).
15. Celtic did not afford the provider of record a reasonable opportunity to discuss treatment prior to issuance of adverse determinations in violation of TEX. INS. CODE §§ 4201.002(16) and 4201.206 and 28 TEX. ADMIN. CODE §§ 19.1703(b)(26)(A) and 19.1710.
16. Celtic issued approval authorizations outside of the statutory timeframe of no later than the second working day after the date of the request in violation of TEX. INS. CODE § 4201.302.

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17. Celtic issued adverse determinations outside of the required timeframe in violation of TEX. INS. CODE § 4201.304 and 28 TEX. ADMIN. CODE § 19.1709.
18. Celtic did not send an appeal acknowledgment letter within five working days after receipt of the appeal in violation of TEX. INS. CODE § 4201.355(a) and 28 TEX. ADMIN. CODE § 19.1711(a)(3)(A).
19. Celtic allowed an entity to issue appeals that was not a registered or certified utilization review agent in violation of TEX. INS. CODE § 4201.101 and 28 TEX. ADMIN. CODE §§ 19.1704(a) and 19.1718.
20. Celtic did not include a description or the source of the screening criteria used in making the adverse determination appeal in violation of 28 TEX. ADMIN. CODE § 19.1711(a)(8)(C).
21. Celtic did not send the appeal resolution letter within 30 calendar days of receiving the appeal in violation of TEX. INS. CODE § 4201.359(a) and 28 TEX. ADMIN. CODE §§ 19.1711(a)(9) and 19.1711(b).




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## Order

It is ordered that Celtic Insurance Company pay an administrative penalty of \$475,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:  
  
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Cassie Brown  
Commissioner of Insurance

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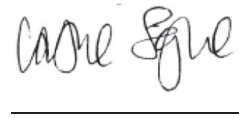
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Recommended and reviewed by:



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Leah Gillum, Deputy Commissioner  
Enforcement Division



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Cassie Tigue, Staff Attorney  
Enforcement Division

**Affidavit**

STATE OF Texas §

COUNTY OF Travis §

Before me, the undersigned authority, personally appeared Mark D. Sanders who being by me duly sworn, deposed as follows:

"My name is Mark D. Sanders. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of President and CEO and am the authorized representative of Celtic Insurance company. I am duly authorized by said organization to execute this statement.

Celtic Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Mark D. Sanders  
Affiant

SWORN TO AND SUBSCRIBED before me on Sept. 2, 2021.

(NOTARY SEAL)



Katelind Freeman  
Signature of Notary Public

Katelind Freeman  
Printed Name of Notary Public